

South African Banking Sentiment Index

2017

In partnership with

Julia Ahlfeldt 

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Introduction

The South African banking sector is growing steadily, with three new entrants expected to launch in 2018. The sector's growth is likely to intensify competition amongst the existing big five banks. In order for these banks to succeed they will need to allocate significant resources toward analysing and improving upon their customer experience (CX) offering, from streamlining customer query turnaround time to innovating easy-to-use fintech solutions. Improving customer experience will be critical to the development of a loyal customer base, without which, the banks' long-term success will be compromised.

Given the centrality of customer experience in driving sentiment, for this year's index, BrandsEye partnered with customer experience expert, Julia Ahlfeldt. Ahlfeldt's research on Net Promoter Score and her newly developed metric, the Net Experience Effect, corroborate and complement our sentiment analysis of the banks. Furthermore, we have integrated BrandsEye topics analysis into Ahlfeldt's own Elements of CX model. This integration enabled us to illustrate which customer experience topics are driving both negative and positive sentiment towards each of the five banks.

BrandsEye's sentiment analysis of the banks is based on 1.8 million social media posts from September 2016 to August 2017. The unsolicited nature of social media makes platforms like Facebook and Twitter ideal sources to gauge public opinion. Unlike traditional polling surveys, people take to social media to post their views without prompting or guidance on what to say or how to say it. The usual challenge with analysing large sets of data from social media is how to organise them into valuable, structured insights. BrandsEye is able to overcome this challenge and achieve high levels of accuracy by combining machine-learning algorithms with human contributors. Unlike algorithm-only analysis, we send statistically significant samples of the data we analyse to our 'crowd' of human verifiers. Our crowd contributors verify the sentiment and topics contained in each post.

We begin this report by analysing public sentiment towards the banks, including their net sentiment scores and the main drivers of sentiment towards the highest and lowest ranking banks. Following this, we illustrate

how Net Promoter Scores compare to the sentiment scores. We then introduce the concept of Net Experience Effect, which quantifies experience by measuring the variance in customers' and non-customers' NPS scores.

In the second part of the report, we explore which topics are driving conversation about South Africa's banks. Using BrandsEye topics analysis, we look at the main topics of banking conversation. We then integrate BrandsEye topics for the month of July 2017 with Ahlfeldt's Elements of CX model to represent the CX topics driving consumer sentiment.

Methodology

BrandsEye data

SENTIMENT DATA

BrandsEye tracked 1 790 933 social media posts, by 554 600 unique authors, about South Africa's big five banks from September 2016 to August 2017. To achieve 95% confidence level, a statistically significant sample of the total posts was then distributed to a proprietary crowd of vetted and trained local language speakers. Each post was then coded and verified by multiple crowd members, who assessed the sentiment of the post.

TOPICS DATA

BrandsEye topic analysis enables a deeper understanding of the issues driving sentiment. For the integration of BrandsEye topics with Ahlfeldt's Elements of CX model, 7 955 sentiment-bearing mentions for the month of July 2017 were coded and verified by multiple crowd members, who assessed the sentiment of the post and the topics driving the sentiment.

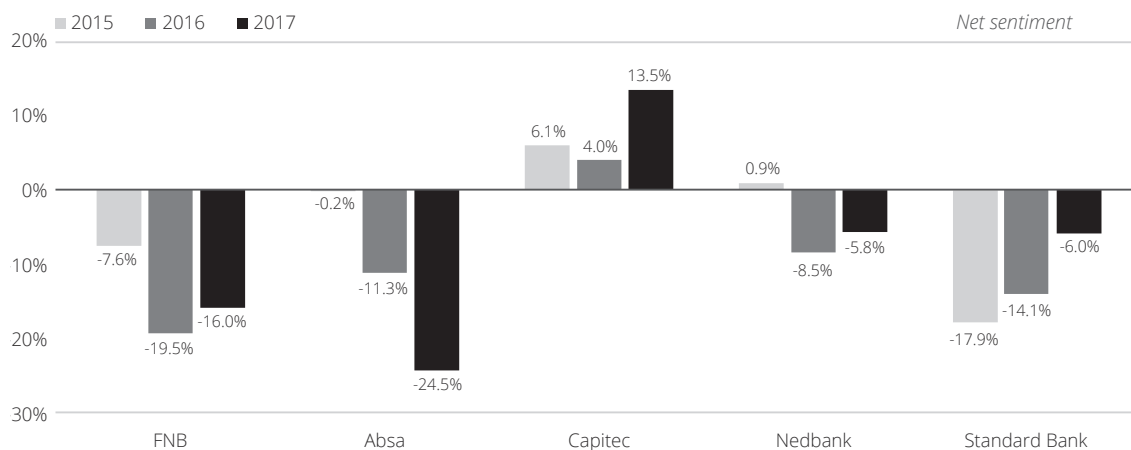
Net Promoter Scores

Net Promoter Score (NPS) measures the loyalty between company and a consumer. NPS scores range from -100 to 100. The score refers to the customer's willingness to recommend a product or service. For this report, 501 South African banking customers were asked about their willingness to recommend each of the five major South African retail banks. The survey also asked customers at which banks they currently hold or previously held accounts. The survey was administered by a third-party research provider, Panel Services Africa. The respondents were a demographically representative sample in terms of geography, age, ethnicity, and LSM.

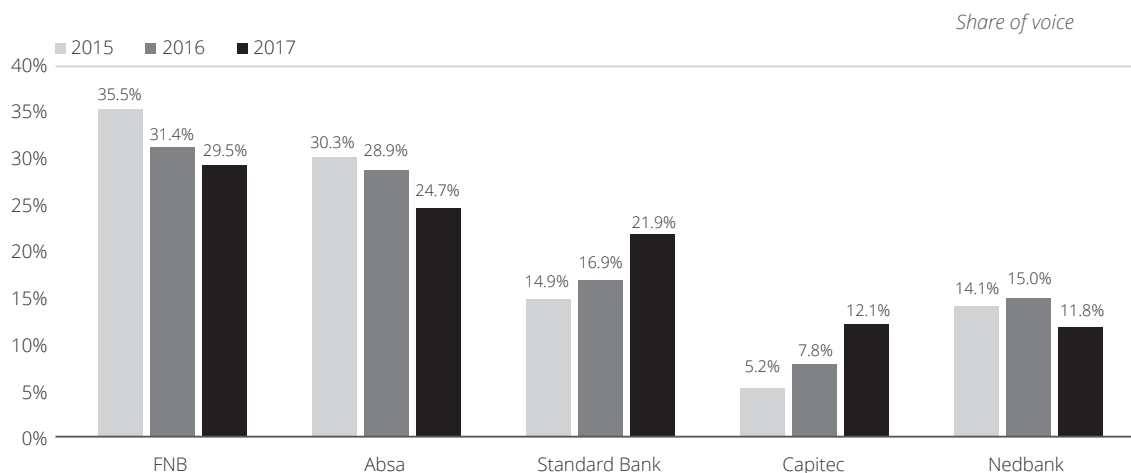
Sentiment and Net Promoter Score analysis

Sentiment analysis September 2016 - August 2017

For a third consecutive year, Capitec had the highest net sentiment. Capitec is also the only bank to maintain a positive net sentiment.



Over the past three years, Capitec grew their share of online conversation the most with 15% growth. FNB has lost the greatest share of online conversation, with a 6% loss since 2015.



WHAT IS DRIVING SENTIMENT?

For the industry as a whole, no single topic was discussed in a consistently positive manner. Innovation was one of the most positively discussed topics, but this was mostly influenced by FNB and Capitec's consumer conversation.

Highest net sentiment: Capitec

Low bank charges from Capitec was one of the bank's strongest advantages over its competitors and the most positive topic discussed. Simplicity of use was another function customers value from this bank.



Lowest net sentiment: Absa

Ethics was the most negative topic of discussion by customers. 32.2% of Absa's negative sentiment was related to the release of the Public Protector's report on the Bankorp bailout, with some customers requesting Absa to pay back the money.



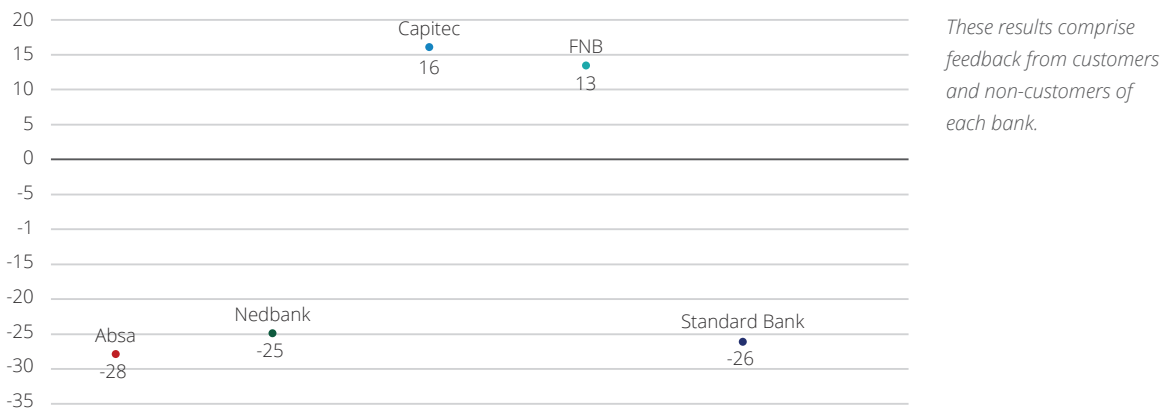
Complaints related to cards were common, especially the turnaround time on receiving credit cards and the R120 credit card replacement fee.



Absa had 15.6% more complaints related to branches than online banking. Many customers were frustrated with having to go to branches to resolve issues. Absa had the lowest positive sentiment for innovation compared to all the other banks.

Net Promoter Score and Net Experience Effect

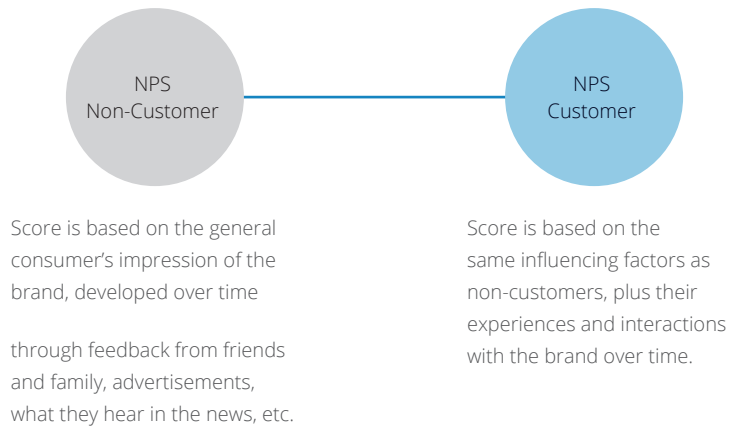
Ahlfeldt's NPS research showed similar results in terms of South African consumers' likelihood to recommend the various banks.



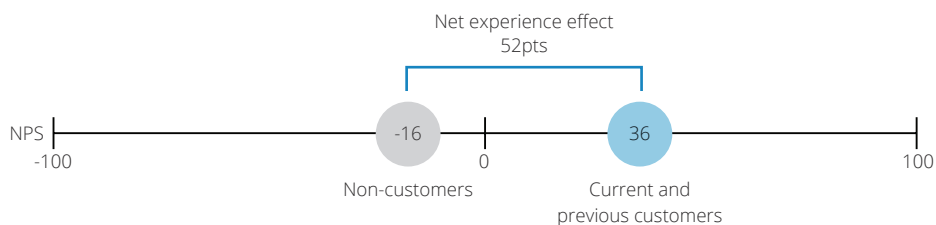
The disparity between Capitec and FNB from the other banks is substantial. Negative NPS scores are generally uncommon; Absa, Nedbank and Standard Bank's NPS scores illustrate customers' dissatisfaction.

NPS SCORES AND MEASURING EXPERIENCES

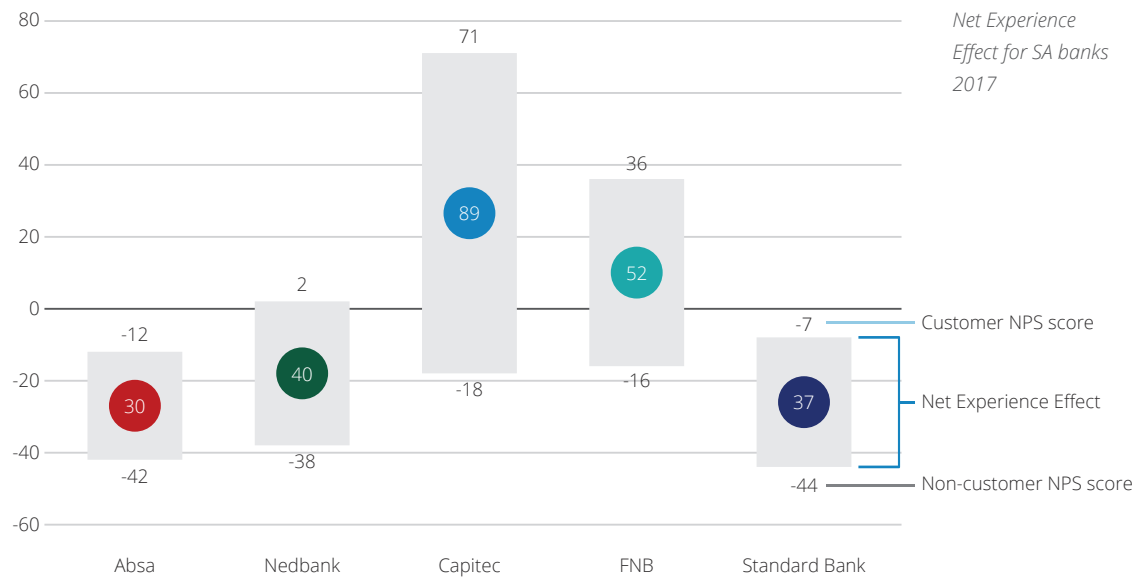
Julia Ahlfeldt's research leverages NPS scores of customers compared to non-customers in order to quantify the impact of customer experience on a customer's opinion of a brand. Ahlfeldt's metric is called the Net Experience Effect.



HOW THE NET EXPERIENCE EFFECT WORKS



One would expect customers to have a higher NPS score than the average consumer, but by how much? The 'spread' between customer and non-customer NPS scores indicates how successfully the company fostered loyalty by delivering good customer experiences. The higher the number of the Net Experience Effect, the more a consumer's opinion improved based on their experiences as a customer.

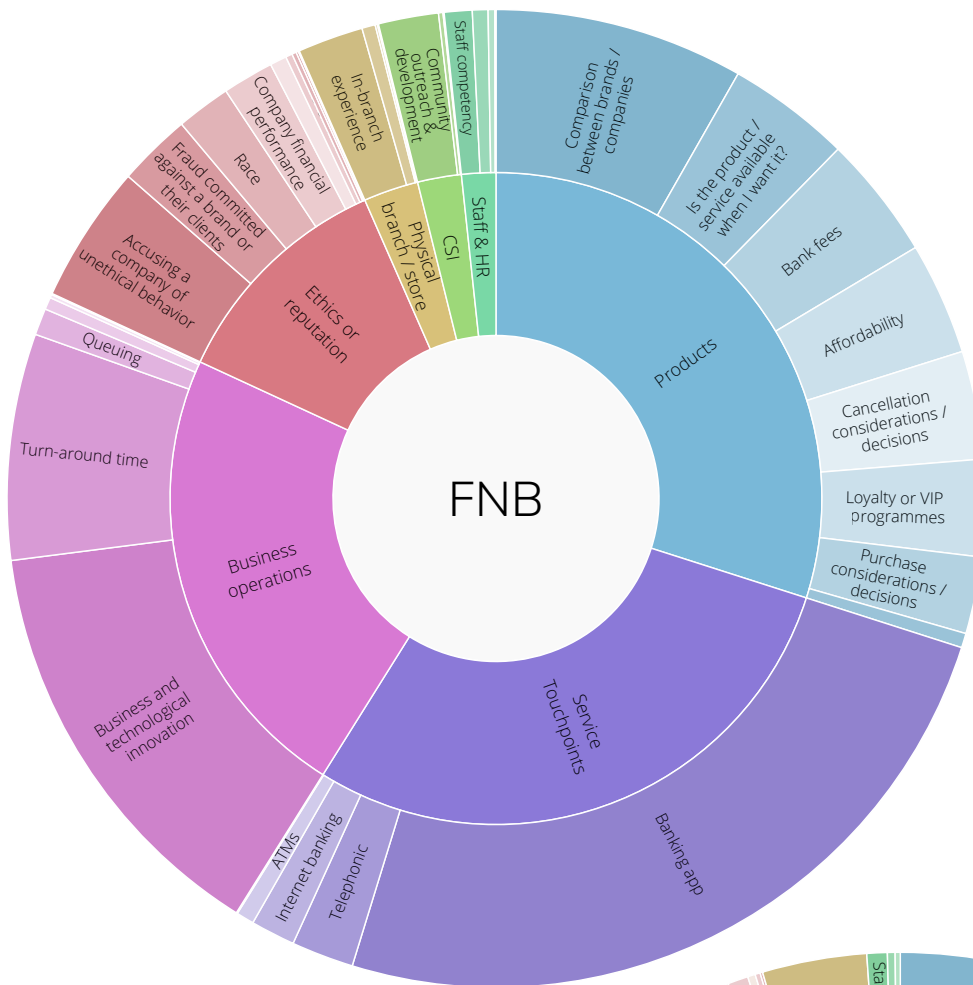


By comparing the Net Experience Effect within an industry, we can identify emerging leaders in a sector. Capitec's Net Experience Effect far exceeds that of the other banks, suggesting that superior customer experiences have been a key driver of success.

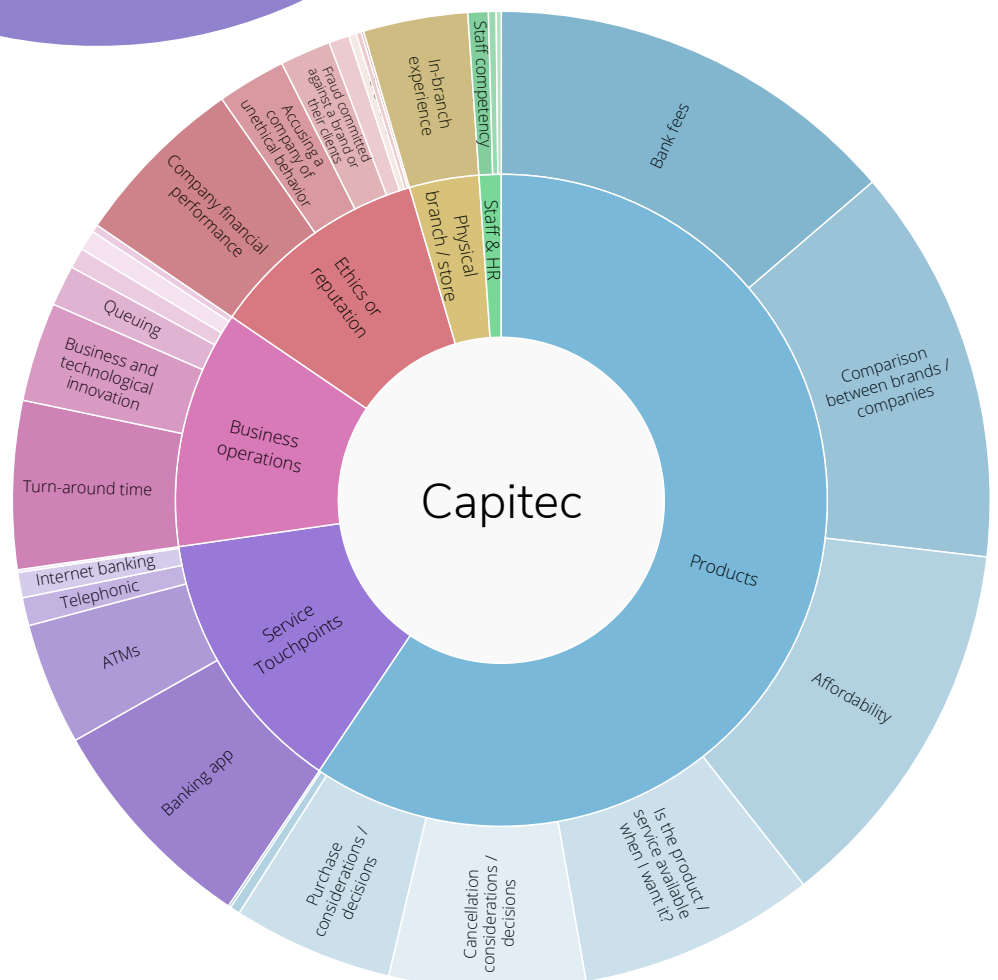
Topics analysis

Net sentiment for main topics in July 2017

MAIN TOPICS	FNB	ABSA	CAPITEC	NEDBANK	STANDARD BANK
Turnaround Time	-81.3%	-87.1%	-62.2%	-82.5%	-90.1%
Brand Comparison	-34.6%	-60.5%	66.9%	-56.0%	-48.1%
Staff	-43.3%	-74.4%	-24.4%	-49.8%	-74.4%
Pricing	-85.1%	-93.1%	67.9%	-88.4%	-88.5%
Intent to Cancel	-58.9%	-86.6%	-22.0%	-65.8%	-77.8%
Products	-77.7%	-43.0%	-54.9%	-68.6%	-71.9%
Lack of Availability	-83.9%	-65.5%	-62.2%	-79.0%	-86.2%
Safety and Security	-84.0%	-70.6%	-38.7%	-64.2%	-88.4%
Ethics	-95.9%	-82.5%	-87.1%	-94.6%	-96.2%
Intent to Purchase	-15.7%	-49.1%	13.6%	-16.7%	-39.7%
Company Performance	-30.0%	-30.5%	59.8%	-25.0%	-48.1%



BrandsEye topic wheels for FNB and Capitec for the month of July 2017. These topic wheels enable a granular analysis of the conversation.

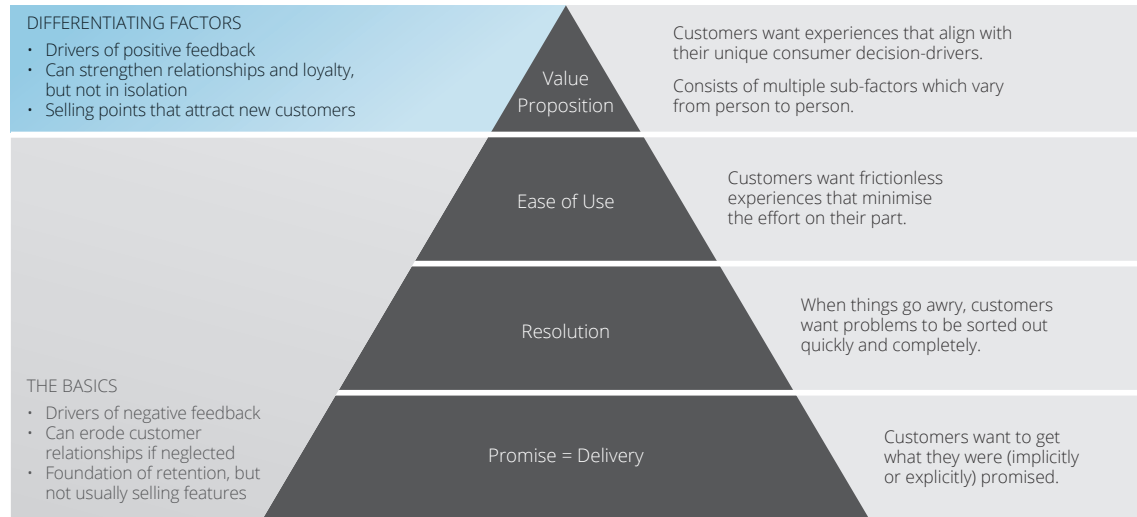


Evaluating customer experiences

Integrating BrandsEye topics
with Ahlfeldt's Elements of CX

Ahlfeldt's Elements of Customer Experience

Ahlfeldt's Elements of Customer Experience model is based on the four universal elements that customers seek in experiences with companies: Value Proposition, Ease of Use, Resolution and Promise = Delivery. Brands leverage the value proposition to attract new customers but if they cannot deliver on the basics (promise = delivery, resolution and ease of use) they will find it difficult to retain customers.



Of BrandsEye's 40 banking topics, 24 were categorised into one of the model's four elements. Five of the 16 remaining topics (Branch, App, ATMs, Internet & Telephone) related to channels that customers use to engage with banks, and were often mentioned in conjunction with CX elements. These five were mapped against the four elements through a co-occurrence matrix.

Topics pertaining to corporate values and corporate identity were not incorporated into the CX elements model as they were not spoken about in relation to the customer experience and constituted a relatively small portion of the overall conversation.

Topic breakdown of CX elements

VALUE PROPOSITION

The Value Proposition element was the most spoken about, comprising 35.7% of all conversation. It was also the theme, across all banks, with the highest positivity.

EASE OF USE

The Ease of Use element was on average the most negative across all banks on average, but also had the lowest volume of conversation (8.1%). The most spoken about topics in this theme were product or service availability and queuing.

RESOLUTION

The Resolution element constituted a relatively small part of the conversation (8.6%), and also carried a negative sentiment. Pro-active staff members were the most positively spoken about topic. Turnaround time was the most spoken about topic with 7.2% of the total conversation, most of which was negative.

PROMISE = DELIVERY

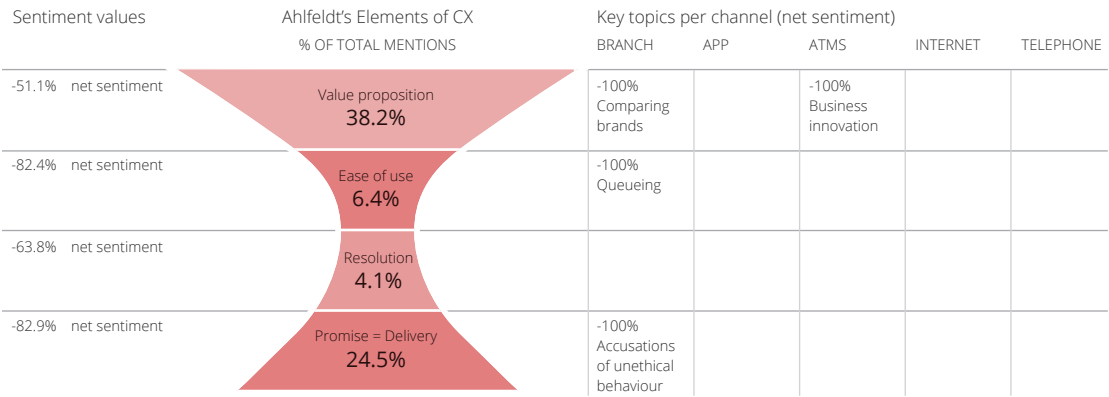
The Promise = Delivery element received the second highest volume across all banks averaging 24% of all conversation. The most discussed topic was accusations of unethical behaviour, 10% of the total volume of conversation.

Industry benchmark

Sentiment values	Ahlfeldt's Elements of CX % OF TOTAL MENTIONS	Prominent brands per channel (net sentiment)				
		BRANCH	APP	ATMS	INTERNET	TELEPHONE
-11.7% net sentiment	Value proposition 35.7%	-100% Standard Bank	-64% ABSA	-100% ABSA		
-74.7% net sentiment	Ease of use 8.1%	-100% Standard Bank	-93% FNB		-80% Nedbank	
-56.6% net sentiment	Resolution 8.6%	-63% Nedbank				-94% FNB
-51.3% net sentiment	Promise = Delivery 24.3%		-58% FNB			

The industry benchmark table highlights the lowest performing banks per element for the month of July 2017. The performance was rated by percentage volume of conversation and net sentiment towards each element.

Absa



Absa's in-branch experience was negatively discussed, particularly with regards to queuing and not meeting customer expectations.

**Grant i Stephens**
@GrantiStephens

@Absa I have been waiting for an HOUR at Canal Walk. Only 3 customer service staff here. Invest in a ticket system! FNB here I come.

2:49 PM - Jul 3, 2017 · Milnerton, South Africa

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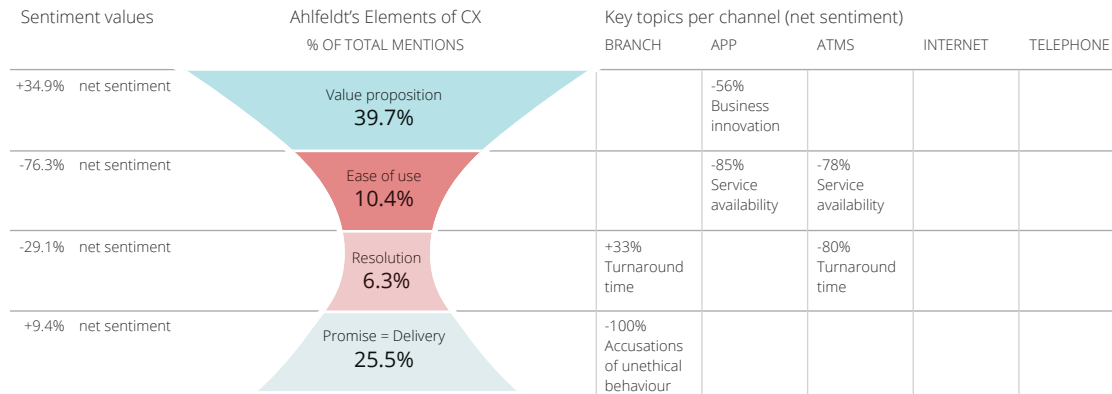
**Makgotso Ngoako**
@MakgotsoNgoako

So glad I'm switching from @Absa to @FNBSA . So tired of being abused

11:20 AM - Jul 30, 2017 · Roodepoort, South Africa

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Capitec



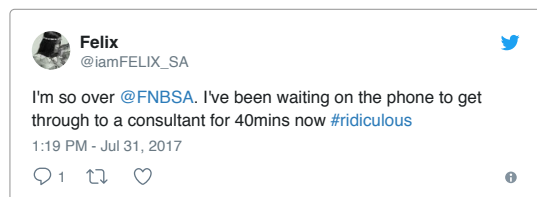
Capitec was the only bank with a healthy distribution of positive conversation across all four CX Elements and all seven channels. It was the only bank to have a positive net sentiment towards in-branch turnaround time. Across their channels their banking app received the most negative conversation, particularly in relation to service availability.



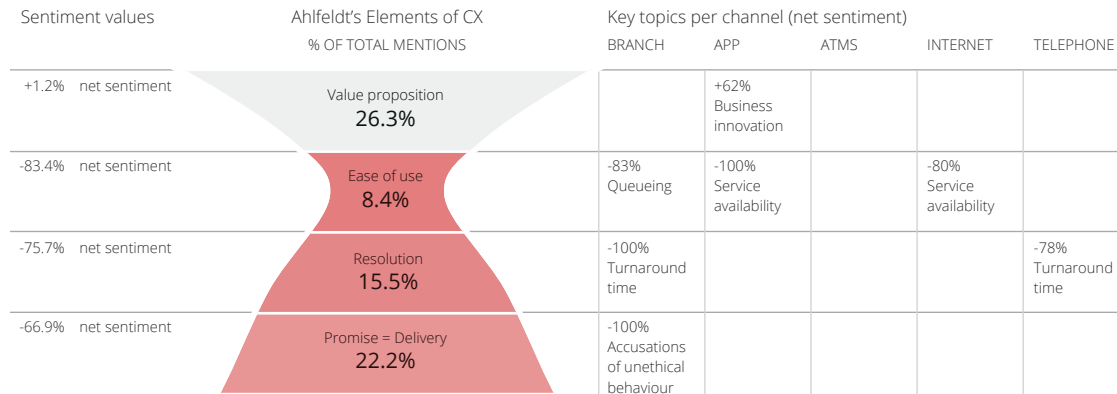
FNB

Sentiment values	Ahlfeldt's Elements of CX % OF TOTAL MENTIONS	Key topics per channel (net sentiment)				
		BRANCH	APP	ATMS	INTERNET	TELEPHONE
-5.9% net sentiment	Value proposition 29.8%		-11% Business innovation			
-55.6% net sentiment	Ease of use 7.6%	-68% Queueing	-93% Service availability			
-51.7% net sentiment	Resolution 10.9%	-46% Turnaround time				-82% Turnaround time
-41.4% net sentiment	Promise = Delivery 20.5%	-100% Accusations of unethical behaviour				

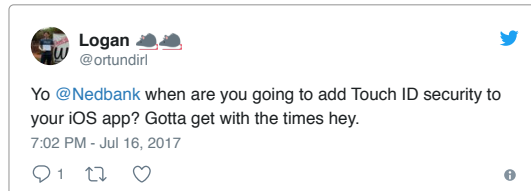
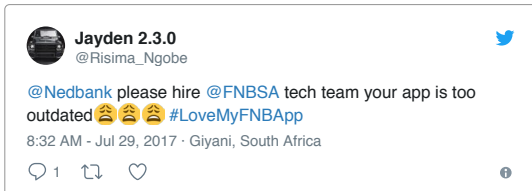
FNB had large volumes of negative conversation around service availability in relation to their banking app. Negative conversation volumes also stemmed from turnaround time pertaining to telephonic interactions with the bank.



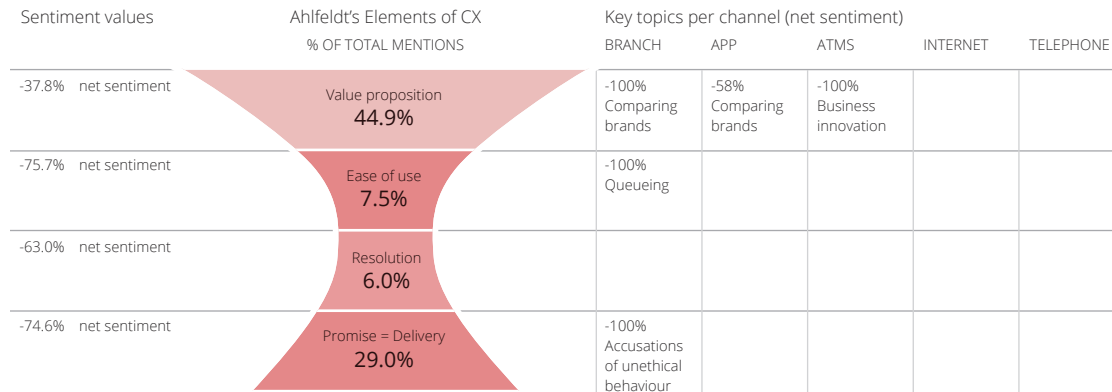
Nedbank



15% of Nedbank's conversation pertained to Resolution issues — seven percentage points higher than the industry average. This was mainly due to large volumes of negative conversation around turnaround time for in-branch experience, telephonic interactions, and the Nedbank app.



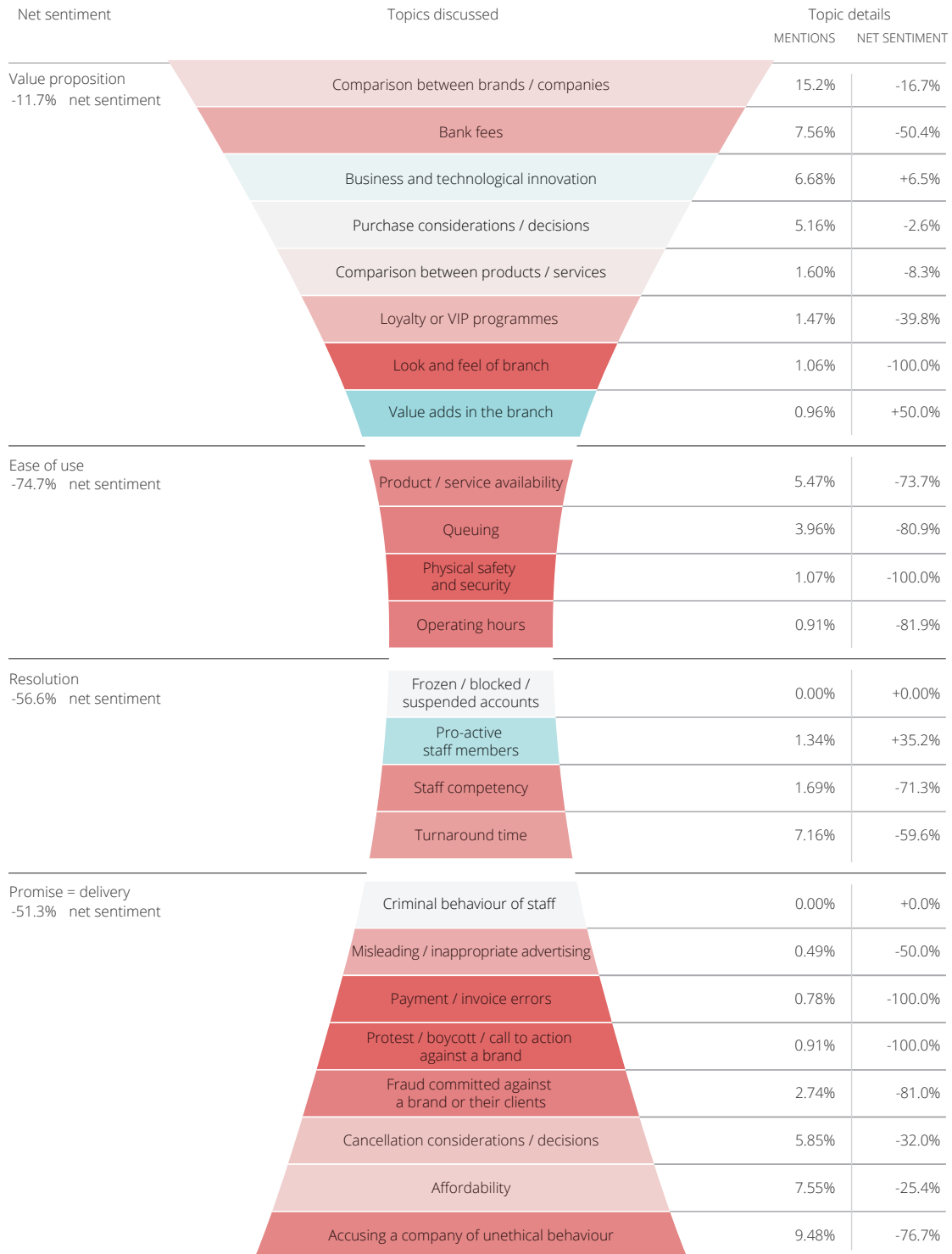
Standard Bank



Standard Bank's in-branch experience received negative conversation around queuing and comparisons to competitor branches.



Detailed industry benchmark



SA banks' customer numbers

	F/Y 2013/14	F/Y 2014/15	F/Y 2015/16	JUNE 2016	DECEMBER 2016	JUNE 2017	<i>Customer numbers in millions</i>
Standard Bank	10.4	11.1	11.6	10.9	10.7	10.6	
Absa Bank	8.6	9.2	9.4	8.9	8.8	8.65	
Nedbank	6.7	7.1	7.4	7.7	7.4	7.8	
Capitec	5.8	6.2	7.3	7.9	8.3	9.0	
FNB	7.6	7.3	7.2	7.4	7.7	7.8	

Based on figures from:

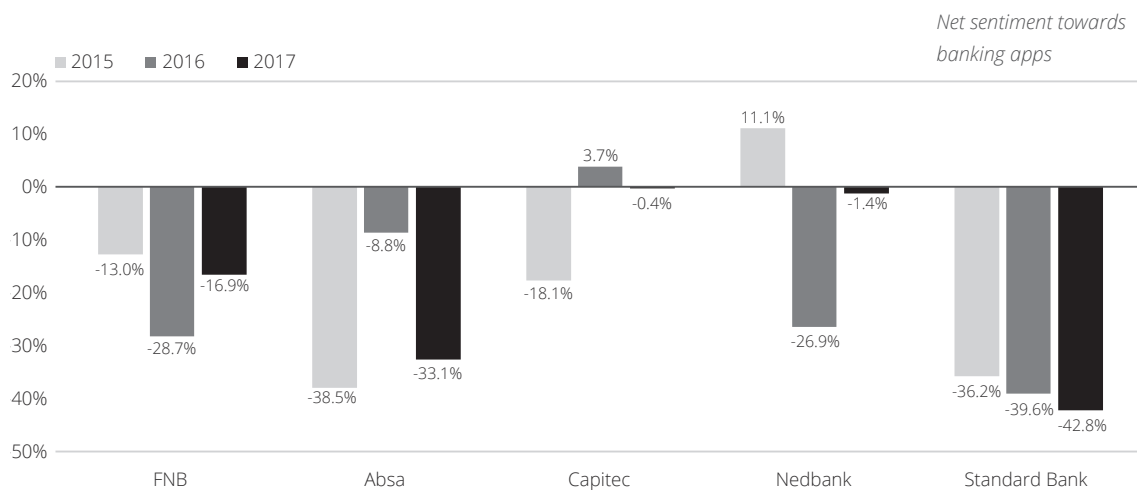
<https://businesstech.co.za/news/banking/122483/fight-to-be-the-biggest-bank-in-sa/>

<https://businesstech.co.za/news/banking/189420/capitec-is-now-the-second-biggest-bank-in-south-africa/>

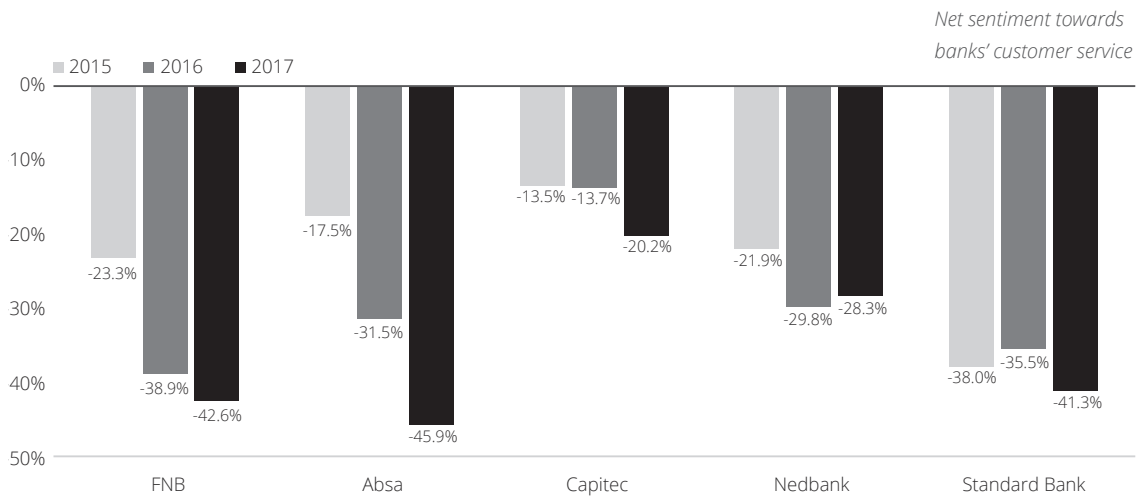
Appendix

Banking apps

The most positive discussion point was the use of banking apps without needing data. Many customers, however, claimed the banking apps used their data, or they were unable to use it when running out of data, even when all banks (with the exception of Nedbank) promote the data-free use of their apps. Most negative comments revolved around the app being offline and bugs in the app causing issues.

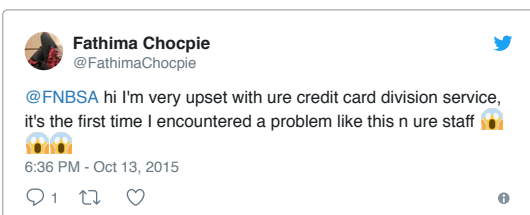


Customer service



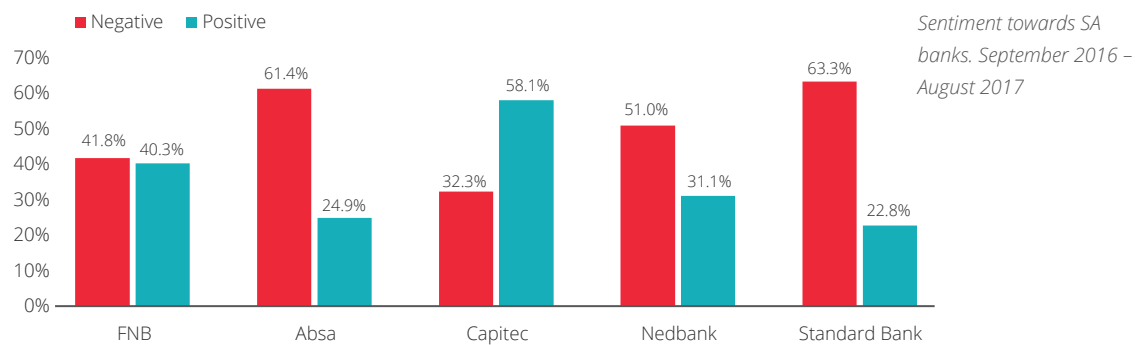
Customer service refers to consumer interactions with the brand online and offline and the feedback these services received. This includes call centre calls, staff feedback, in-branch operations (queuing, staff competency), turnaround time on queries, etc.

18.1% of customer service complaints were related to calls. Customers were unable to get through to the call centre, were waiting for a callback or were disconnected during a call. 58.7% of complaints about staff referred to a lack of product knowledge. 23.4% of consumer complaints regarded the ethical conduct of staff. Turnaround time from staff made up 53.0% of staff complaints. Complaints for staff in branches made up 15.3% of the conversation, compared with 25.9% for call centre staff members.



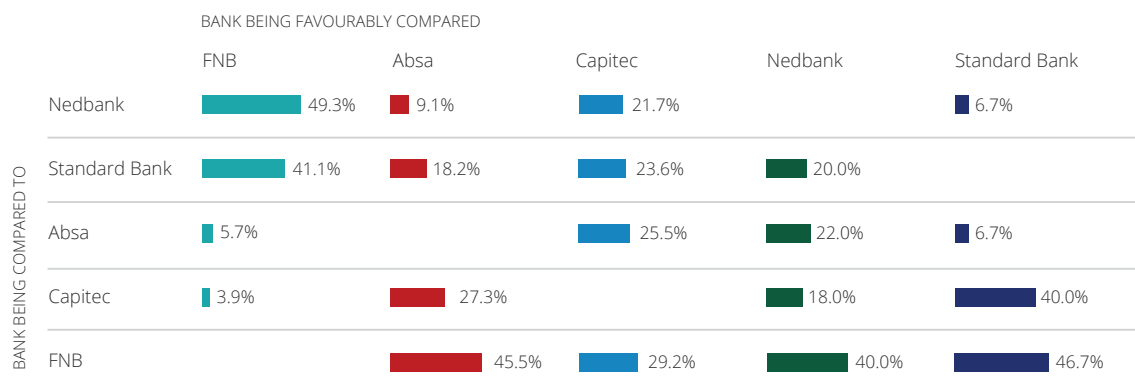
Comparing banks

When being compared to other banks, Capitec was the most favoured bank, followed by FNB. Standard Bank and Absa were the least favoured banks overall.



Head-to-head comparisons

Banks were regularly compared to their competitors on social media. The chart below shows the breakdown of each bank's favourable comparisons. For example, 49.3% of FNB's favourable head-to-head posts were comparisons to Nedbank. Additionally, 41.1% of FNB's favourable head-to-head posts were comparisons with Standard Bank.





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